

IFQ Cost Recovery Program Annual Report

**Summary of 2002 Activities;
Description of 2003 Program**

**Report to the
North Pacific Fishery Management Council**

**Restricted Access Management
Alaska Region, NMFS**

December 2003 :: Anchorage, Alaska

Background Information

- **IFQ Fee is mandated by Magnuson-Stevens Act**
- **Its purpose is to recover actual costs (expenditures) incurred in managing and enforcing the program; however,**
- **Fees may not exceed 3% of the ex-vessel value of IFQ halibut or sablefish**
- **Fees collected are used to**
 - **recover costs of management and enforcement (75%)**
 - **make funds available for Congress to appropriate to support the North Pacific (IFQ) Loan Program (25%)**

Year 2002 Program Summary

- **At the end of the 2002 IFQ season, the fee was established at 2% of the ex-vessel value**
 - as premised on identified program expenditures of \$3,513,827 and total ex-vessel value of \$180,276,722
- **2451 persons (IFQ permit holders) were billed**
 - including 1,654 with only halibut IFQ landings
 - and 65 with only sablefish IFQ landings
 - and 732 with both halibut and sablefish IFQ landings

Year 2002 Summary (cont'd)

- **By end of Fiscal Year 2003 (September 30, 2003), 2446 (or 99.8%) of those with fee obligations had paid**
- **Accounts of only six persons were referred to U.S. Treasury for collection**
- **Total receipts \$85,379 greater than total costs; reasons for this include:**
 - **the 2002 fee percentage was rounded up, so the total of all billings was slightly more than costs**
 - **some paid on “actual” ex-vessel value**
 - **some post-season administrative adjustments resulted in small changes to amounts due**

Determining the 2003 Costs - 1

- **RAM sought FY03 cost information from those who submitted during FY02, including**
 - **Pacific Halibut Commission**
 - **NMFS Office of Law Enforcement**
 - **NMFS Sustainable Fisheries Division**
 - **Restricted Access Management**
- **Responses included**

Determining the 2003 Costs - 2

- Pacific Halibut Commission \$ 362,260
- NMFS Law Enforcement 1,665,741
- NMFS Sustainable Fisheries 71,036
- NMFS/RAM 1,308,081

TOTAL COSTS: \$ 3,407,118

Determining the 2003 Value - 1

- **Registered Buyers provided price data**
 - by species, by port, and by month
- **RAM compiled data to determine “standard” IFQ value**
- **Value published by port, group of ports, or “all Alaska”**
 - depends on number of observations (confidentiality)
- **Value for species/port/month of landing multiplied times pounds yields total value**

Determining the 2003 Value - 2

- Halibut pounds 57,281,591
- Halibut value \$ 165,048,886
- Sablefish pounds 30,816,156
- Sablefish value \$ 71,487,578

TOTAL VALUE: \$236,536,464

Fee Percentage Formula

$$[100 \times (\text{DPC-AB}) / \text{V}] / (1-\text{NPR})$$

- ❖ DPC = “Direct Program Costs”
- ❖ AB = “Account Balance” (overpaid)
- ❖ V = Total Ex-Vessel “Value” of IFQ fish
- ❖ 1-NPR = Estimated “Payment Rate”

Calculating the 2003 Fee Percent

Costs (DPC) of \$3,407,118

Less amount overpaid (AB) of \$85,379

Multiplied times 100,

Divided by Value (V) of \$236,536,464

Divided by Payment Rate (1-NPR) of .999,

= 1.4057300, (and rounded)

= 1.4%

Collecting the 2003 Fees

- **Each IFQ Permit Holder with recorded landings was sent a statement (bill) in late November; the billing**
 - contained information on pounds, ports, and month of Permit Holders IFQ landings
 - applied the 1.4% fee calculation to “standard” value
 - and showed total amount due to NMFS by 1/31/04
- **Permit Holder has a choice:**
 - s/he may pay based on “Standard” value as set out on the statement; or,
 - s/he may pay based on “actual” value of IFQ sales (if s/he so chooses, actual value must be proven)

Payment Options

- **RAM has developed different options for payment, including:**
 - **Payment on-line with credit card**
 - **Payment by telephone with credit card**
 - **Payment by mail with check or credit card**

Allocation of the 2003 Receipts

- **25% will be deposited in US Treasury**
 - may be appropriated by Congress to support the North Pacific (IFQ) Loan Program
- **75% will be deposited in the “Limited Access System Administrative Fund” (LASAF)**
 - available to the Secretary to offset future costs of managing and enforcing the IFQ program
- **Note that no more than 75% of the costs will ever be deposited in LASAF**
- **Not “new money” -- income from fees will simply offset equivalent annual appropriations**

Accountability/Reporting

- **Regulations require publication of an Annual Report on Cost Recovery Program**
 - report on 2003 program activities will be included in the 2004 “Report to the IFQ Fleet”
- **The report will be detailed, and will (at a minimum) include information on**
 - numbers of IFQ permit holders who paid (and who did not pay) and total amount paid (and due)
 - numbers of permit holders choosing “actual” values
 - amount deposited in the Treasury and in LASAF
 - other relevant information on program performance

Questions/Comments

**Questions and comments about the IFQ
Cost Recovery Program are welcome,
and should be directed to
NMFS/RAM**

1-800-304-4846

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